

House File 2106 - Introduced

HOUSE FILE 2106

BY LUKAN

A BILL FOR

1 An Act relating to entrepreneur assistance by establishing an
2 entrepreneur micro-assistance grant program and fund, and
3 making an appropriation.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 15.321 Entrepreneur
2 micro-assistance grant program.

3 1. The authority shall establish and administer an
4 entrepreneur micro-assistance grant program. The entrepreneur
5 micro-assistance grant program is established to provide
6 grants to first-time entrepreneurs. Financial assistance
7 under the program shall be provided from the entrepreneur
8 micro-assistance fund created in section 15.322.

9 2. *a.* The authority shall designate a local economic
10 development entity to administer the grant program as provided
11 in this section.

12 *b.* In designating a local economic development entity, the
13 authority may consider:

14 (1) The local economic development entity's relationship
15 to the community.

16 (2) The local economic development entity's status as a
17 not-for-profit single management company, local government
18 entity, or other entity.

19 (3) Other information the authority deems relevant.

20 *c.* The board may accept, reject, or defer a local economic
21 development entity's application for funds under this section.

22 *d.* The authority shall enter into an agreement with a
23 local economic development entity designated pursuant to this
24 subsection for purposes of ensuring the program is administered
25 pursuant to the requirements of this section.

26 3. The authority shall allocate funds, not to exceed one
27 hundred thousand dollars to any one local economic development
28 entity, to designated local economic development entities to
29 administer the provisions of this section.

30 4. *a.* A local economic development entity designated
31 pursuant to this section shall establish a competitive-based
32 grant application process for first-time entrepreneurs. A
33 local economic development entity designated pursuant to
34 this section may accept and evaluate, and approve, deny, or
35 defer applications for financial assistance from first-time

1 entrepreneurs pursuant to the requirements of this section.

2 *b.* A local economic development entity designated pursuant
3 to this section shall monitor the compliance of the recipients
4 of the grants awarded under this section with the requirements
5 of subsection 7 by requiring documentation of the use of the
6 award. The entity shall provide this documentation to the
7 authority when received.

8 *c.* All disbursements of moneys to recipients of a grant
9 awarded under this section by a designated local economic
10 development entity shall be made by the authority.

11 *d.* All repayments or recaptures and interest on grants
12 awarded under the program shall be remitted to the authority
13 and deposited in the entrepreneur micro-assistance fund.

14 *e.* The authority, with the assistance of the designated
15 local economic development entity, may seek the recapture
16 of a grant provided pursuant to this section as provided in
17 subsection 8.

18 5. A grant awarded under the program shall be at least
19 two thousand five hundred dollars, but shall not exceed fifty
20 thousand dollars.

21 6. A first-time entrepreneur is eligible to apply for a
22 grant under the program if the entrepreneur meets the following
23 criteria at the time of application:

24 *a.* The entrepreneur intends to or has located a business in
25 Iowa.

26 *b.* The entrepreneur has a business plan.

27 *c.* The entrepreneur's business would or does only employ
28 individuals legally authorized to work in this state.

29 7. A first-time entrepreneur shall use the awarded moneys
30 for one or more of the following:

31 *a.* Utility costs.

32 *b.* Transportation costs.

33 *c.* Liability insurance costs.

34 *d.* Property tax payments.

35 8. Upon approval by a designated local economic development

1 entity of the application for a grant, the first-time
2 entrepreneur shall enter into an agreement with the authority,
3 which shall include but not be limited to all of the following
4 provisions:

5 a. If after receiving financial assistance, an entrepreneur
6 does not continue to meet all of the criteria for eligibility
7 as provided in subsection 6, all or a portion of the financial
8 assistance received is subject to disallowance, recapture, or
9 immediate repayment.

10 b. If an entrepreneur, after receiving financial assistance,
11 fails to use the awarded moneys as provided in subsection
12 7, all or a portion of the financial assistance received is
13 subject to disallowance, recapture, or immediate repayment.

14 9. The authority shall adopt rules pursuant to chapter 17A
15 as necessary to administer the program. The authority may
16 adopt emergency rules under section 17A.4, subsection 3, and
17 section 17A.5, subsection 2, paragraph "b", as necessary for the
18 administration of this section.

19 Sec. 2. NEW SECTION. 15.322 Entrepreneur micro-assistance
20 fund.

21 1. An entrepreneur micro-assistance fund is created in
22 the state treasury under the control of the authority and
23 consisting of any moneys appropriated by the general assembly
24 and any other moneys available to and obtained or accepted by
25 the authority for placement in the fund.

26 2. Payments of interest, repayments of moneys provided, and
27 recaptures of moneys provided shall be deposited in the fund.

28 3. The fund shall be used to provide grants under the
29 entrepreneur micro-assistance program established in section
30 15.321.

31 4. Moneys in the fund are not subject to section 8.33.
32 Notwithstanding section 12C.7, interest or earnings on moneys
33 in the fund shall be credited to the fund.

34 Sec. 3. ENTREPRENEUR MICRO-ASSISTANCE APPROPRIATION.

35 1. There is appropriated from the general fund of the state

1 to the economic development authority for the fiscal year
2 beginning July 1, 2012, and ending June 30, 2013, the following
3 amount, or so much thereof as is necessary, to be used for the
4 purposes designated:

5 For the purpose of assisting first-time entrepreneurs
6 through the entrepreneur micro-assistance grant program,
7 including salaries, support, maintenance, and miscellaneous
8 purposes:

9 \$ 1,000,000

10 2. Notwithstanding section 8.33, moneys appropriated in
11 this section that remain unencumbered or unobligated at the
12 close of the fiscal year shall not revert but shall remain
13 available for expenditure for the purposes designated.

14 EXPLANATION

15 This bill creates an entrepreneur micro-assistance
16 grant program for first-time entrepreneurs administered by
17 the economic development authority and by local economic
18 development entities. The bill allows a local economic
19 development entity to apply to the economic development
20 authority to administer the program. The authority shall
21 not allocate more than \$100,000 to any one local economic
22 development entity. When designating a local economic
23 development entity to administer the grant program, the
24 authority may consider the entity's relationship to the
25 community, the organizational status of the entity, or other
26 information the authority deems relevant.

27 The bill provides that a designated local economic
28 development entity must enter into an agreement with the
29 authority to ensure the entity administers the grant program
30 pursuant to the statutory requirements. The economic
31 development authority board may accept, reject, or defer a
32 local entity's application for allocation of funds.

33 The bill provides that a designated local economic
34 development entity shall establish a competitive-based
35 grant application process for first-time entrepreneurs. The

1 entity may accept and evaluate, and approve, deny, or defer
2 applications pursuant to the statutory requirements. The
3 authority is required to make the disbursements of moneys to
4 recipients approved by a designated local economic development
5 entity. A grant awarded under the bill shall be at least
6 \$2,500 but shall not exceed \$50,000.

7 The designated local entity shall monitor a grant
8 recipient's compliance with the statutory requirements by
9 requiring documentation of the use of the award. The local
10 entity shall provide the documentation to the authority. The
11 bill allows the authority, with the assistance of a designated
12 local economic development entity, to seek the recapture of a
13 grant pursuant to the bill. All repayments or recaptures and
14 interest on grants awarded shall be remitted to the authority
15 and deposited in the entrepreneur micro-assistance fund.

16 The bill provides that a first-time entrepreneur is eligible
17 to apply for a grant if the entrepreneur intends to or has
18 started a business in Iowa, has a business plan, and the
19 entrepreneur's business would or does only employ individuals
20 legally authorized to work in the state. The bill also
21 provides the accepted uses for the grant award. The award
22 shall only be used for utility costs, transportation costs,
23 insurance costs, or property tax payments.

24 Once the local entity approves a grant, the bill provides
25 that the first-time entrepreneur shall enter into an agreement
26 with the authority. That agreement must include but is not
27 limited to provisions concerning the disallowance, recapture,
28 or immediate repayment of all or part of the funds if the
29 entrepreneur does not continue to meet the criteria for
30 eligibility or the entrepreneur fails to use the awarded moneys
31 as required.

32 The bill also creates a fund for the entrepreneur
33 micro-assistance grant program. The fund is under the control
34 of the authority and consists of any moneys appropriated by
35 the general assembly and any other moneys available to and

1 obtained or accepted by the authority for placement in the
2 fund. Payments of interest, repayments of moneys provided, and
3 recaptures of moneys provided shall be deposited in the fund.
4 The fund shall be used to provide grants under the entrepreneur
5 micro-assistance program. The money in the fund is not subject
6 to reversion of funds or interest.

7 The bill makes an appropriation of \$1 million for the fiscal
8 year beginning July 1, 2012, and ending June 30, 2013, for
9 the purpose of assisting first-time entrepreneurs through the
10 entrepreneur micro-assistance grant program.